United States Bankruptcy Court Southern District of Texas - Houston Division	PROOF OF CLAIM CONTINGENT	
In ro SPECIALTY RETAILERS INC	Case Number: 00-35078	
NOTE: This form should not be used to make a claim for an administrative expense case. A "request" of payment of an administrative expense may be filed pursuant to I	e arising after the commencement of the 11 U.S.C. 503.	United States District Court Southam District of Texas FILED
Name of Creditor (The person or entity to whom the debtor owes money or property) Discover Financial Services, Inc. Name and Address Where Notices Should be Sent Discover Financial Services, Inc. ATTN: Bonnie Middleton PO BOX 52145	claim relating to your claim. Attach copy of statement giving particulars. Check box if you have never received any notices from the bankruptcy court in this case.	SEP 2 0 2000 Michael N. Milby, Clerk
Phoenix, AZ 85072 Telephone No. (623) 587 - 5051	Check box if the address differs from the address on the envelope sent to you by the court.	THIS SPACE FOR COURT USE ONLY
ACCOUNT or OTHER NUMBER by which creditor identifies debtor: 6011-0146-2030-014	Check here if this claim: replaces a previous! amends	y filed claim, dated:
1. BASIS FOR CLAIM: Goods sold Services performed Money loaned Personal Injury/wrongful death	 □ Retiree benefits as defined in 11 U.S.C. □ Wages, salaries, and compensations (Fill out Your social security number	below)
☐ Taxes ☑ Other(Describe Briefly) Chargebacks, Returns & Fees	fromtototo	(datc)
2. DATE DEBT WAS INCURRED: 04-04-00 to 07-31-00	3. IF COURT JUDGMENT, DATE OBTAIN	ED:
 4. CLASSIFICATION OF CLAIM. Under the Bankruptcy Code all claims are class (2) Unsecured Priority, (3) Secured. It is possible for part of a claim to be in one cate CHECK THE APPROPRIATE BOX OR BOXES that best describe your claim and □ SECURED CLAIM \$	egory and part in another.	\$ 605.84 2000), earned not more than stition or cessation of the 1 U.S.C. 507(a)(3) nU.S.C. 507(a)(4) ass, lease, or rental of property or duse11 U.S.C. 507(a)(6) -11 U.S.C. 507(a)(7)
 5. TOTAL AMOUNT OF CLAIM AT TIME. S 180.86 CASE FILED: (Unsecured) (Secured) ****** PLUS AN UNLIQUIDATED AND/OR CONTINGENT A * Plus an unliquidated and/or contingent amount (see attached) Check this box if claim includes prepetition charges in addition to the principal and Attach itemized statement of all additional charges. 6. CREDITS AND SETOFFS: Not applicable. 7. SUPPORTING DOCUMENTATION: Attach copies of supporting documents, invoices, itemized statements of running accounts, contracts, court judgments, or educuments are not available, explain. If the documents are voluminous, attach a statements are voluminous, attach a statements. 	AMOUNT (SEE ATTACHED) nount of the claim. such as promissory notes, purchase orders, evidence of security interests. If the	
8. TIME STAMPED COPY: To receive acknowledgment of the filing of your claim envelope and copy of this proof of claim. Date Sign and print your name and title, if any, of the creditor or other claim (attach copy of power of attorney, if any)	m, enclose a stamped, self-addressed	

PROOF OF CLAIM FORM - ATTACHMENT 1 UNITED STATES BANKRUPTCY COURT

SOUTHERN DISTRICT OF TEXAS - HOUSTON DIVISION

Merchant's Legal Name: SPECIALTY RETAILERS INC

Case Number: <u>00-35978</u>

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Merchant Account Number: 60110-146-2030-014

Response to Quastion 1: The consideration for this debt is, and the grounds for liability on the claim arise out of the services and financial accommodations provided to Debtor by Discover Financial Services, Inc. ("DFSI") or its predecessors, NOVUS Services, Inc. ("NSI") and Discover Card Services, Inc. ("DCSI"), in connection with Debtor's acceptance of Cards in payment for goods and services in accordance with and pursuant to a Merchant Services Agreement ("Agreement") between the Debtor and DFSI in its own capacity or as successor to NSI and DCSI.

Response to Question 2: The debt was incurred throughout the term of the Agreement between the Debtor and DFSI. See the attached list for the dates that the Card sales were charged back to the Debtor pursuant to the Agreement, the terms of which provide that DFSI will be reimbursed for charged back Card sales.

Response to Question 4: This claim may be a priority claim to the extent that it is a claim for the return of deposits made by individual Cardmembers prior to the commencement of the case, in connection with the purchase, lease or rental of property, or the purchase of services, for the personal, family or household use of such individuals, which were not delivered or provided by Debtor, not exceeding \$1,950 per Cardmember.

Note: This is in addition to any claims relating to charges made on or after the commencement date of the case which constitute administrative priority claims.

Response to Question 5: The Agreement provides that Debtor is obligated to reimburse DFSI for amounts with respect to Card sales which were paid to Debtor by DFSI where such Card sales are later charged back to DFSI by the Cardmembers. This amount may aggregate the amount set forth on the attached claim or more but cannot be ascertained with certainty at this time.

DFSI may also have a claim for attorneys' fees and costs incurred in collecting the amounts due and owing it in connection with the above-described indebtedness, which amount cannot be reasonably calculated or estimated at this time.

DFSI does not waive its rights to any or all attorneys' fees, costs and expenses by not stating a specific amount at this time.

All of the foregoing constitutes an unliquidated and/or contingent portion of this claim of DFSI against the Debtor which cannot be estimated with certainty at this time.

This Proof of Claim does not include the claims, if any, of DFSI with respect to services or financial accommodations provided to Debtor under the Agreement after the filing of the petition initiating this case. DFSI reserves all of its rights with respect to such claims.

Response to Question 6: This claim is not subject to any set-off or counterclaim. However, DFSI has rights of recoupment and setoff with respect to all amounts which now or hereafter may be owing by DFSI to Debtor under the Agreement.

Response to Question 7: Attached are the following documents: (a) Agreement between DFSI and Debtor; and (b) a list of the obligations owed by Debtor to DFSI as of the date of this claim, including: chargebacks, Merchant Fees, and other fees, as authorized by the Agreement.

LEDGER#: P0051 SUBSIDIARY LEDGER/SUSPENSE TRACKING

MERCHANT STLMNT PEND MMI COLLECTION CODE SUMMARY

13:05:01 9VW8

09/12/00

ORDER BY: COLL CODE: MERC: 01477005407 - CNTR/DEPT -

EFF DATE: - BOOK DATE: - RCDE:

AMT: STARS: - STARS: - STARS: - STARS: - STARS#

BK 01477005407 06/30/00 07/03/00 8.48 D AZL 1160018073798

#DR ITEMS: 1 TOTAL: 8.48 BALANCE: 3,534,310.74 CR #CR ITEMS: 0 TOTAL: 0.00 NET TOT: 8.48 DR F1:HELP F3:END F4:MENU F5:CLR F7:PREV F8:NEXT F9:BROT F13:DTL F14:SUSP

MSG: NO MORE DETAIL LINE - HIT F7 TO SEE PREV PAGE

LEDGER#: P0051 SUBSIDIARY LEDGER/SUSPENSE TRACKING

MERCHANT STLMNT PEND MMI COLLECTION CODE SUMMARY

ER/SUSPENSE TRACKING 13:05:22 ION CODE SUMMARY 9VW8

09/12/00

ORDER BY:COLL CODE: MERC: 01477005399 - CNTR/DEPT -

EFF DATE: BOOK DATE: - RCDE:

AMT: STARS: - STARS:

BK 01477005399 06/30/00 07/03/00 .75 p AZL 1160018073796 BK 01477005399 07/31/00 08/01/00 25.43\D AZL 1620026085218

#DR ITEMS: 2 TOTAL: 26.18 BALANCE: 3,534,310.74 CR #CR ITEMS: 0 TOTAL: 0.00 NET TOT: 26.18 DR F1:HELP F3:END F4:MENU F5:CLR F7:PREV F8:NEXT F9:BROT F13:DTL F14:SUSP

MSG: NO MORE DETAIL LINE - HIT F7 TO SEE PREV PAGE

SUBSIDIARY LEDGER/SUSPENSE TRACKING LEDGER#: P0051

09/12/00 13:05:46 9VW8 MMI COLLECTION CODE SUMMARY MERCHANT STLMNT PEND

CNTR/DEPT -ORDER BY: COLL CODE: MERC: 01462051382 -

RCDE: EFF DATE : BOOK DATE: STARS:

AMT: D/C FSD RCDE STARS# S COLL MERCHANT# EFF-DATE BOK-DATE AMOUNT BK 01462051382 06/14/00 06/15/00 AZL 0940013516423 140.36^VD BK 01462051382 08/14/00 08/15/00 88.30 D AZL 1820029582718
BK 01462051382 08/23/00 08/24/00 331.80 D AZL 1940032463626 BK 01462051382 09/03/00 09/05/00 35,000.00 C AZL 2110035226998 BK 01462051382 09/05/00 09/06/00 662.17 D AZL 2130035777164

3,534,310.74 CR 4 TOTAL: 1,222.63 BALANCE: #DR ITEMS: #CR ITEMS: 1 TOTAL: 35,000.00 NET TOT: 33,777.37 CR F5:CLR F7:PREV F8:NEXT F9:BROT F13:DTL F14:SUSP F1:HELP F3:END F4:MENU

- HIT F7 TO SEE PREV PAGE MSG: NO MORE DETAIL LINE

09/12/00 SUBSIDIARY LEDGER/SUSPENSE TRACKING 13:10:58 LEDGER#: P0051 9VW8 MMI COLLECTION CODE SUMMARY MERCHANT STLMNT PEND

CNTR/DEPT -ORDER BY: COLL CODE: MERC: 01462030006 -

EFF DATE : RCDE: BOOK DATE:

STARS: AMT:

D/C FSD RCDE STARS# S COLL MERCHANT# EFF-DATE BOK-DATE AMOUNT BK 01462030006 06/29/00 06/30/00 BK 01462030006 07/24/00 07/25/00 01462030006 09/06/00 09/07/00 83.33 Ø AZL 1150017758927 108.25 D AZL 1520024308211 2140036116819 23.75 C 01462030006 09/07/00 09/08/00 83.33 C 2150036419660 147.22 D 01462030006 09/08/00 09/11/00 2160036708069 01462030006 09/08/00 09/11/00 23.75 D 2169754424867

4 TOTAL: BALANCE: 3,534,310.74 CR 362.55 #DR ITEMS: #CR ITEMS: 107.08 NET TOT: 2 TOTAL: 255.47 DR

F5:CLR F7:PREV F8:NEXT F9:BROT F13:DTL F14:SUSP F1:HELP F3:END F4:MENU

MSG: NO MORE DETAIL LINE - HIT F7 TO SEE PREV PAGE

DATE

PAGE 1 OF 201 7/01/00

MERCHANT NUMBER 6011 0146 2030 014

CHAIN CODE 12679

MONTHLY STATEMENT

SPECIALTY RETAILERS PO BOX 35167/KATHY HOBBS HOUSTON TX 77235

***********	*****	*****
MTHLY SUMMARY (DISCOVER/NOVUS) DETA	IL TRANSACTI	ONS AMOUNT
1. MERCHANT SUBMITTED DEPOSITS		
6011 0146 2030 006	9,358	411,679.17
6011 0146 2051 382	12,036	507,022.60
6011 0147 7005 399	103	4,476.92
6011 0147 7005 4 07	273	10,004.61
6011 0147 7009 458	608	27,031.81
2. TOTAL DEPOSITS:	22,378	960,215.11
3. DISCOVER/NOVUS ENTERED DEPOSITS:	0	.00
4. FEES/CHBK'S/ADJS:		
CHBK/ADJ FOR DS	7	-593.11
TOTAL FEES/CHBK'S/ADJS	7	-593.11
5. RETURNS AND CORRECTIONS:	0	.00
6. TOTAL OFFSETS $(3 + 4 + 5)$:	7	-593.11
7. NET TOTAL (2 + 6):	22,385	959,622.00
8. DISCOUNT:		
DISCOUNT FOR DS		
6011 0146 2030 006		-7,276.38
6011 0146 2051 382		-8,971.82
6011 0147 7005 399		-79.27
6011 0147 7005 407		-177.08
6011 0147 7009 458		-480.81
9. TOTAL DISCOUNT:		-16,985.36*
10.MONTHLY NET SETTLEMENT AMOUNT:		942,636.64

*SETTLED \$16,804.50 KEPT \$180.86 PRE PETITION DISCOUNT *******************

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PAGE 201 OF 201 DATE 7/01/00

FEES, CHARGEBACKS AND ADJS CHAIN CODE 12679	
MERCHANT NUMBER MERCHANT NAME	
NEW REF# OLD REF# CARDMEMBER # ORIG DATE TYPE	AMOUNT
3/27/00	
UÁ5UÁ 08734264 6011008566514292 3/27/00 UNAUTHORIZED PURCHASE	-163.45
BEALLS DEPT STORE #602 BROWNSVILLE T	
4/22/00	
6011 0146 2030 006 BEALLS #119	
DPACU 11521535 6011008510673871 4/22/00 DUPLICATE PROCESSING	-83.33
BEALLS #724 ATLANTA TX	
TOTAL FEES, CHARGEBACKS AND ADJS: NO: 5	-585.59
3/10/00	
6011 0146 2051 382 STAGE	
DP5CU 07275923 6011300370106815 3/10/00 DUPLICATE PROCESSING	-140.36
STAGE #397 PARSONS KS	
TOTAL FEES, CHARGEBACKS AND ADJS: NO: 1	-140.36
2/27/00	
6011 0147 7009 458 PALAIS ROYAL	
RPARP 05932939 6011006550660790 2/27/00 CHARGEBACK REVERSAL	132.84
PALAIS ROYAL #870 ABBEVILLE LA	
TOTAL FEES, CHARGEBACKS AND ADJS: NO: 1	132.84

MERCHANT SUBMITI	
CHAIN CODE 6011 0147 7009 458 DS	
TOTAL 6011 0147 7009 458	814 PALAIS ROYAL 33,678.61
·	34,7361,682,087.0634,7361,682,087.06
FEES, CHARGEBACK CHAIN CODE	S AND ADJS
MERCHANT NUMBER MERCHANT NAME	
NEW REF# OLD REF# CARDMEMBER # ORIG DA 3/30/00	TYPE TYPE AMOUNT
6011 0146 2030 006 BEALLS #119	
RP4RP 09125408 6011008460680736 3/30/	
BEALLS DEPT STORES #10 5/31/00	WACO TX
6011 0146 2030 006 BEALLS #119	
DPACU 15317066 6011008830647142 5/31/	00 DUPLICATE PROCESSING -108.25
BEALLS DEPT STORES #13	ROUND ROCK TX
TOTAL FEES, CHARGEBACKS AND ADJS:	NO: 2 197.28
5/14/00 6011 0146 2051 382 STAGE	
RI2CU 13627729 6011000926518287 5/14/	00 NON-RECEIPT OF ITEM -331.80
STAGE #347 GRENADA MS	OO MOM MEEDIT OF TIEM OUT.OO
TOTAL FEES, CHARGEBACKS AND ADJS:	NO: 1 -331.80
4/04/00	
6011 0147 7005 399 SPERRY'S	/^^ NON BEATEM OF ABBETT
RN5CU 09621489 6011006713506583 4/04/ SPERRY'S #479 PORT HURC	
TOTAL FEES, CHARGEBACKS AND ADJS:	NO: 1 -25.43